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In the

Supreme Court of the United States

OCTOBER TERM, 1966

No. 1018

JOHN F. BRYAN, JR. and LESTER N. HAMBRICK,
doing business as TRAKWORK EQUIPMENT COMPANY,
Petitioners,

v.

KERSHAW MANUFACTURING COMPANY,
Respondents.

PETITIONERS' REPLY BRIEF

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PETITIONER'S REPLY BRIEF

To the Honorable Supreme Court of the United States

Petitioners respectfully file this brief in reply to respondent's brief and limit the comments herein specifically to points considered to present error in respondent's brief.

I.

Respondent argues Petitioners' framing of the question of the case. It is submitted that this question framed by Petitioners presents for consideration by this court a burn-

ing issue fairly and clearly raised in this case. Under the rule of this case a skilled employee may not leave his former employer to undertake subsequent employment in competition with the former employer. He is subject to the whim of the former employer. He has no ground on which to proceed in utilizing skills acquired while in former employment. Further, a subsequent employer may not hire any new employee with any degree of confidence and use him in any area competing with the former employer regardless of the extent to which the former employer's information (which once might have been a trade secret) had been utilized in the market place.

In his brief Respondent states (P. 2):

> "The record clearly supports the trial court's 'Finding of Fact' that information divulged by said former employee constituted 'trade secrets' of his employer and was not such information as might have been available to the public by virture of the fact that the machine had been placed in the public domain."

There is no such finding of fact.

To the contrary, the court found:

> "9. As early as 1963, the Kershaw undercutter was publicly used without restriction as to secrecy."
>
> "13. Bryan was aided in the development, design and construction of his undercutter by information (trade secrets) he had acquired by his employment with Kershaw; at the time Hambrick and Bryan began construction of an undercutter, *the substance of such information was of public knowledge by virture of the Kershaw machine being in the public domain, but Bryan did not*

inspect the Kershaw machine or obtain further information from it after his employment with Kershaw was terminated."

The foregoing makes clear that the Kershaw "information (trade secrets)" were in the public domain. Apparently the courts below would have Bryan do a useless act, namely inspect the Kershaw machine just to satisfy a mere formality. Apparently the courts below would accord Bryan a license to use such information had he acted out this drama. Any information gained by Bryan was gained properly and necessarily as an employee. To require him to go back and inspect the Kershaw machine after it was placed in the publice domain and before taking action is a sham and would have been useless since no part on the Trackwork machine is the same as on the Kershaw machine. More than general knowledge of the Kershaw machine would have been of no use to Bryan.

This case hinges on the Courts' finding no 14:

> "Through the use of such information and in breach of confidence Bryan was able to reduce the time necessary for design, development and construction of Hambrick's undercutter, thus resulting in an advantage over competitors."

The holding above that such use of such public information was "in breach of confidence" is shocking. It seems clear that a former employee should be entitled to use information placed by the owner in the public domain. By reason of having such information in the public domain petitioners, as well as any member of the general public, would as a general rule, reduce the time necessary for de-

sign, development and so on. This necessarily follows from the act of placing the information in the public domain. It is one of the facts of life when competing in a free society.

Note the Court's finding of fact 15.

> "Kershaw's undercutter is of such a character that a reasonably skilled engineer or one generally skilled in the art without knowledge of its development details could not have fabricated Hambrick's undercutter in the time period in which said machine was fabricated."

As to this finding of fact it must be clearly understood that the development details were found by the trial court to have been in the public domain and available to anyone in the public. Thus, so far as made public, Petitioner stood as a member of the general public. Bryan thus exercised his right, a civil right, if you please, to utilize his engineering skills along with any public knowledge in making a new machine which the trial court grudgingly admitted was not a "Chinese copy".

At page 4 of the brief, Respondent stated that:

> "Specifically, a reasonably skilled engineer without knowledge of the development details which Bryan had obtained from his employment with Kershaw could not have fabricated the machine for Hambrick in the time in which the Hambrick machine was actually fabricated."

No details, not public, were proven or suggested. Further, should the court review the evidence in this case, it will find that there is *no evidence* to support this position to which Respondent has successfully clung. More particularly, the evidence brought forward by Respondent on this point con-

sists of two questions asked to Respondent's present chief engineer. More particularly, Kershaw's chief engineer, Holley, was asked if a

> "reasonably skilled engineer, without the knowledge of the development details of the Kershaw machine with which you are familiar over the years at Kershaw Manufacturing Company, (would) have been able to fabricate a machine such as the one that you saw had been put together by Mr. Bryan without resort to any information gained during such development process?"

Note that this question does not distinguish between Kershaw's alleged trade secrets and Bryan's general engineering information, and is not limited as to time. Holley's qualified answer was a follows:

> "A. Not in a short time—no."

Counsel then modified the question, limiting it as to span, as follows:

> "Q. Well, suppose I limit the question to a period of time of approximately six months?"

The answer was still qualified and indecisive, and contrary to Finding No. 15, i.e.:

> "A. This would be very difficult for a single individual."

No further questions were asked of Holley or any other witness on this point and no further evidence runs to this point. The foregoing is noted to make clear the basis upon which the decision rests.

This evidence, properly interpreted, means that respondent's chief engineer refused to testify to this important point.

Two opportunities were given to answer the question in the affirmative and in both cases, a direct answer was avoided. The Appellate Court indicated that it would have been "helpful" if the trial court had made a finding that trade secrets continued to exist.

II.

At page 7 of his brief, Respondent would have this Court believe that Bryan fabricated his machine *solely* by use of information gained in breach of confidence. This simply is not fact. Bryan's machine was fabricated under the direction of Hambrick who had seen the Kershaw machine in operation without injunction to secrecy and as a member of the general public. Hambrick gave Bryan "many suggestions" (R 242) in design and construction of the Trakwork machine and specifically dictated that its weight must be much less than that of the Kershaw machine. Uncontraverted in this case is the fact that the Trakwork machine weighs about one-half as much as the Kershaw machine. This alone is evidence of use of engineering skill rather than a copying of Kershaw's machine. Further uncontraverted is a long list of major mechanical differences which show that Bryan did not fabricate his machine "solely by information gained from Kershaw" (R. 262-266).

III.

On page 8, Respondent attacks appellant's application of *Kinnear-Weed Corp. v. The Humble Oil & Refining Co.*, 150 F. Supp. 843 (E.D. Tex. 1956), *aff'd.* 259 F. 2d 398 (5th Cir. 1958). The weakness of Respondent's argument is found

in the fact that Respondent points out that the *Kinnear-Weed* record clearly showed that the alleged confidential information had been previously disclosed to many others, both by way of patent applications, drawings, models, etc. *and by way of public sales of the item.* The latter fact comport with those of the present case. That is, Kershaw's information or trade secrets were in the public domain by way of public use under lease of Kershaw's machine as specifically found by the court. Hambrick saw it as well as others. Thus, *Kinnear-Weed* applies directly to the present case.

IV.

On pages 8 and 9 of their brief, Respondent attacks appellant's reliance upon *Luccous v. Kinley*, 376 S.W. 2d 336 (Tex. 1964). It is contended that the Luccous case holds that where a patent has been obtained, subsequent claims of the patent holder for protection of his "trade secrets" with reference thereto is incompatible with his *election* to surrender the protection of secrecy in return for a patent. In the present case, under 35 U.S.C. § 102(b), Kershaw elected to surrender the protection of secrecy in turn for his right to compete in the public market by placing his device in public use.

The *issue* of a patent does not mark an election. Placing information in the public domain marks the election. Election attaches permanently regardless of whether a timely filed patent application ever matures into a patent. Kershaw's claim based upon his trade secrets is likewise incompatible! In Texas, there exists an aura of uncertainty, cast by two harsh cases, noted on page 7 of *Respondent's*

brief, the *Huffines* case and the *G & G Fishing Tool Service* case, which has spilled over into the area of the present case. Both cases are distinguished on their facts. In the *Huffines* case it was the defendent's act which destroyed plaintiff's trade secrets. In the present case plaintiff, Kershaw, placed Kershay's "information" in the public domain and thus destroyed his trade secrets. In the *G & G Fishing Tool* case there was a breach of an express agreement not to inspect the inside of a fishing tool. Contrary to this agreement, inspection was made and a device was then copied—all contrary to a specific obligation. Such facts do not apply to the present case.

CONCLUSION

Since the question presented in this case was of such wide application and of such great significance to the public and to the general economy, it is submitted that the Petition for Writ of Certiorari should be granted.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing brief have been duly served on opposing counsel on the ..... day of March, 1967, by depositing same in the United States Post office at Dallas, Texas, first class mail, postage prepaid, addressed to counsel of record at the post office address shown on the Petition.

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